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Firm with CIA, contra ties buying military-type planes

MARY MARTIN
Miami News Reporter

Southern Air Transport, a Miami cargo carrier that was owned outright by the CIA for 13 years, plans to purchase \$82.5 million worth of Lockheed Hercules aircraft in order to gear up for government incursions into Central America, according to CIA observers.

Victor Marchetti, a former CIA officer and author of "The CIA and the Cult of Intelligence," said

Southern's announcement two weeks ago of the planned purchase of 12 airplanes — known in the military as the C-130 Hercules — "suggests to me that the CIA is getting very active in Central America, particularly in regard to Nicaragua, and that Southern Air is going to be of value."

The "whole purpose" of Southern Air, Marchetti said, "was, according to everything I've been told, as an air capability in the Caribbean and Central America, to be able to provide 'black' air activities (for the CIA) in those areas." Marchetti said his knowledge of the airline comes from his service on the secret Executive Committee on Air Matters for the CIA.

Marchetti said he believes Southern Air is expanding now because "Nicaragua is going, there's no doubt about it. ... Reagan will not leave the White House with Nicaragua standing. ... You

cannot topple the regime down there without destabilization, and you're not going to do it with the contras."

Marchetti expressed the opinion that the money for the 12 new Hercules carriers "is probably coming from the (CIA) director's contingency fund."

William Langton, president of Southern Air, said the airline has "no current relationship with the agency."

He said Southern's "past history is on the record, and that's where it should stay." To attribute the company's growth to "anything but hard work," he said, is "totally a disservice."

Langton said the company is lining up bank financing for the purchase, although the details have not been finalized.

Sharon Foster, a spokesman for the CIA, said, "We don't discuss our activities. There isn't anything I can tell you."

Jack Terrell, a former leader of the Civilian Military Assistance, a free-lance paramilitary group, says he in recent years fought with the contras in Nicaragua and has "no doubt" that Southern's sudden expansion is a signal of increased CIA activity in Central America.

Terrell said that in his opinion "that \$82.5 million has got to be an advance payment of CIA funds." He called Southern Air "the favorite" CIA airline.

Neil Bergt, the owner of MarkAir Inc. in Anchorage, Alaska, also said that Southern is being used for transport to Nicaragua — in some cases to the detriment of his business.

In an interview yesterday with The Miami News, Bergt said that a MarkAir cargo carrier en route earlier this year from New Orleans to Honduras with non-lethal supplies for the Nicaraguan contras was stopped at the last minute, and its cargo transferred to a Southern Air plane. Langton, of Southern, called the report "ludicrous."

Bergt also said in a report last week in the Anchorage Daily News: "Both the State Department and the CIA favor Southern. I know damn good and well we only fly for State when Southern doesn't want something." Southern gets "every good job around the world."

Southern Air has a long history of performing CIA jobs, according to government documents and published reports.

CBS News reported in 1984 that Southern, along with Evergreen Air in Tucson and Summit Aviation in Delaware, was part of a network of private cargo carriers that "run guns, airplanes and people" to back up CIA activities in Central America.

The 1976 Final Report of the Select Committee to Study Intelligence Activities also documents Southern Air's history as a CIA "proprietary."

The CIA acquired Southern Air in 1980, the Senate committee report said, after the agency determined that its first proprietary airline, Air America, was unable to meet all the CIA's requirements.

Southern Air's Pacific Division "supported Agency 'heavylift' requirements in East Asia," the report stated, while the Atlantic Division continued flying in the Caribbean and South America.

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The CIA sold Southern in 1973, the report said, after it determined that post-Vietnam War activities "would not require large air proprietary assets."

According to Marchetti, however, the sale of Southern was "a fiction, in the sense that it was not really sold to the highest bidder. Instead it was sold to a group of people who were former agency contacts."

The Senate committee report shows Southern was sold to Stanley G. Williams, the president and former owner of the company, for \$2.1 million plus the \$3.1 million Southern owed to Air America. Another unnamed company had offered \$2 million more for Southern. But the Senate report said the CIA declined the offer in order to avoid "adverse publicity."

At the time, several of Southern's competitors attempted to protest the sale and the company's favored position as a subsidized commercial carrier, but the CIA took the position that the sale was complete, pending Civil Aeronautics Board approval, which was granted. The CAB hearings on the sale were held in secret at the request of Southern's attorney, James Bastian, who cited "national interest," according to published news reports.

Bastian is now chairman of the board of Southern Air. He is known as the "CIA airline lawyer," according to Jeff McConnell, author of an article entitled, "The CIA and Airlines" that appeared in Counterspy magazine. In that article, McConnell identified Bastian as a vice president of Pacific Corp., the holding company for Air America and Air Asia when they were CIA proprietaries.

World Aviation Directory also

listed Bastian as a former vice president for Evergreen International Airlines, a subsidiary of Evergreen Air. Evergreen International also has been linked to the CIA air network in published reports.

McConnell said Bastian has handled legal work for "most CIA air proprietaries."

Bastian yesterday declined to be interviewed.

Langton confirmed that both he and Robert Mason, Southern's controller, also are former officers of Evergreen International Airlines. But he said that doesn't mean there is a CIA connection to Southern Air today. He also disputed that Evergreen was controlled by the CIA.

A year after Southern Air's sale in March 1974, a group of Southern employees filed suit against the company and the CIA, according to the Senate report, alleging that the company's stock had been sold illegally and that they were entitled to benefits under the CIA retirement and disability program, among other complaints. Their case, filed in U.S. District Court in Miami, was "dismissed with prejudice," the report said.

Observers such as Marchetti and Terrell say they have numerous reasons to scrutinize Southern's activities in light of its expansion plans, which will nearly double the company's fleet. The size of the purchase, \$82.5 million, is large relative to the company's stated revenues. According to a company spokesman, those revenues were projected to be \$25 million this year without the expansion.

Langton said the new business

that will come along with the planes makes the purchase "a good buy."

The company has said it will not only buy 12 Hercules L-100 planes from the financially troubled Transamerica Airlines of Oakland, Calif., it also intends to absorb its customers and hire some of its flight crews.

According to William Kress, marketing specialist for Southern, most of Transamerica's business has been U.S. military contracts.

Other commercial cargo carriers and customers in the area say the Hercules L-100 airplanes are uncommon because they are expensive to maintain and are not fuel-efficient.

The Hercules is known as an excellent aircraft for making landings and takeoffs on short, rough airstrips, and it has a rear bay door that allows cargo to be dropped from the air.

"That's why the military uses so many of them throughout the world," said Gary Balnicki of Trans Air-link Corp., a Miami cargo carrier that uses Douglas DC-6 planes.

Langton said the company's Hercules fleet is the reason "why we dominate in Third World countries." The company also has a fleet of Boeing 707 freighters, he added.

In making the announcement of the planned purchase of the 12 Hercules L-100-30's, Kress said the planes had been the "backbone" of Southern's fleet for 18 years because they can "land on anything from icebergs to deserts."